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June 12, 1974

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 OF COUNSEL

Central Intelligence Agency
 McLean, Virginia 22101

Re: United States v. International Business
 Machines Corp., 69 Civ. 200 (S.D.N.Y.)

Dear Sir:

On behalf of the Sperry Rand Corporation ("Sperry Rand") and its Sperry Univac Division ("Sperry Univac"), we are writing to advise you that the United States District Court for the Southern District of New York has entered an amended Pretrial Order No. 13 in the above matter (the "Order"). A copy of the Order is enclosed.

The Order provides for the confidential treatment of documents, materials, and any other information falling within the scope of Rule 26(c)(7) of the Federal Rules of Civil Procedure furnished by any non-party in confidence to the United States Government or to any agency thereof (other than pursuant to discovery of this action), which in turn is to be produced or made available to IBM by the United States Government or any agency thereof.

ARNOLD & PORTER

Central Intelligence Agency

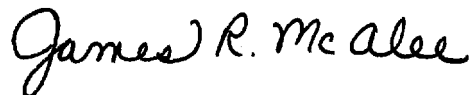
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It is our understanding that your agency may produce certain documents to IBM in the above matter, including documents, materials, and other information previously furnished to your agency in confidence by Sperry Rand or by Sperry Univac.

Accordingly, we wish to advise you that we are here designating as confidential and entitled to the protection of the amended Pretrial Order No. 13, described above, those documents falling within the categories set forth in the attached list. We hereby request that any such documents which you make available to IBM in connection with the above matter be designated by you in writing as "confidential" pursuant to Paragraphs 6, 1 and 2 of the Order.

Sincerely,

A handwritten signature in cursive script that reads "James R. McAlee".

James R. McAlee

Enclosures

----- X

UNITED STATES OF AMERICA,

Plaintiff,

-against-

INTERNATIONAL BUSINESS MACHINES
CORPORATION,

Defendant.

69 Civ. 200 (DNE)

PROTECTIVE ORDER
RELATING TO DISCOVERY
OF NONPARTIESAMENDED
PRETRIAL ORDER NO. 13

----- X

WHEREAS, the parties are engaged in a deposition program which involves the production of documents by, and the taking of testimony by oral deposition from, hundreds of nonparty witnesses; and

WHEREAS, substantial amounts of trade secret or other confidential research, development, or commercial information may be produced by these nonparty witnesses; and

WHEREAS, a number of such nonparty witnesses have applied to the Court for an order limiting the disclosure of such trade secret or other confidential research, development, or commercial information; and

WHEREAS, The Publicity in Taking of Evidence Act, 15 U.S.C. § 30 requires that all depositions in this action be open to the public as freely as are trials in open court; and

WHEREAS, Rule 26(c) of the Federal Rules of Civil Procedure provides for the issuance of protective orders limiting the disclosure of discovered information in appropriate circumstances;

IT IS HEREBY ORDERED THAT:

either of the parties shall be governed by this Order and may not be used by either plaintiff or defendant for any business, competitive, or governmental purpose or function other than in connection with this litigation, or as otherwise necessitated by law, or as further ordered by this Court.

2. Any nonparty which desires to bring itself within the protection accorded by paragraph one (1) above, shall designate in writing the documents or portions thereof which it considers confidential at the time such documents are produced.

3. Only those persons who are employed in the preparation or trial of this action shall be accorded access to such information, provided, that in the case of employees of IBM such persons shall include only those employees on full-time assignment to counsel for IBM in this case, and provided further, that IBM shall establish a procedure whereby no employee of IBM to whom the confidential information designated pursuant to this Protective Order, or any part thereof, is made available shall be transferred to any other position within IBM except upon (i) fifteen (15) days written notice to the nonparty supplying the information and (ii) the review and written determination by the Vice President and General Counsel of IBM, served upon the nonparty supplying the information, that such transfer will in no way jeopardize its interests.

segregated facilities and access to those facilities shall
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be permitted only to persons employed in the preparation or
trial of this action.

5. Each person permitted access to information
subject to this Order shall, prior to or immediately upon
being afforded such access, sign an affidavit stating that
he has read and understands the terms of this Order and that
he shall abide by them. Such affidavits shall be filed with
the Clerk of the United States District Court for the Southern
District of New York. The name, employer, current employment
location and job description of each affiant shall be fur-
nished by the respective party to each nonparty witness
concerned within fifteen (15) days after the execution of
such affidavit.

6. Paragraphs 1-5 of this Protective Order shall also
apply to documents, materials and any other information fall-
ing within the scope of Rule 26(c)(7) of the Federal Rules
of Civil Procedure furnished by any nonparty in confidence
to the United States Government or to any agency thereof
(other than pursuant to discovery of this action), which is
produced or made available to IBM by the United States Govern-
ment or any agency thereof.

PROVIDED THAT if at any time prior to or during the
taking of a deposition a nonparty witness objects to the
public disclosure of any information specifically designated
by the witness as being confidential, the deposition shall
continue as to all matters not so designated by the witness.

IT IS FURTHER PROVIDED that the terms of this Order shall in no way affect the rights of any person to seek whatever relief is available under the Federal Rules of Civil Procedure.

Dated: New York, N. Y.
May 3, 1974

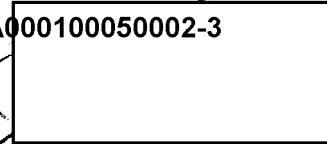
DAVID N. EDELSTEIN
Chief Judge

LIST OF CATEGORIES OF DOCUMENTS WHICH WILL CONTAIN SENSITIVE COMMERCIAL OR PROPRIETARY INFORMATION CONCERNING SPERRY RAND CORPORATION AND PARTICULARLY ITS SPERRY UNIVAC DIVISION.

1. Analyses, appraisals, studies, reports or surveys relating to the relative strengths or weaknesses of Sperry Rand in any segment of the electronic data processing industry, or the relative growth, profits or position of that supplier in such industry;
2. All analyses, appraisals, studies, reports or surveys relating to any electronic data processing system, or basic major part thereof, supplied by Sperry Rand, which relate to:
 - (a) any evaluation thereof, including the history, life span, availability, performance or specifications of such products (but excluding mechanical, maintenance and day-to-day performance matters);
 - (b) any comparison involving, or competition between, any such product and any other product;
 - (c) the number, kind or variety thereof available;
 - (d) any substantial technological change in or cancellation or withdrawal thereof.
3. All analyses, appraisals, studies, reports or surveys relating to the procurement or use of any electronic data processing system, or basic major part thereof, from Sperry Rand by any customer including any governmental agency with respect to:
 - (a) the organization, management, evaluation, selection, transfer or disposal of such product by such customer;
 - (b) the capacity or willingness, or lack thereof, of any such customer to purchase or lease any such product from any supplier or to itself make, perform or supply any such product thereof instead of or in addition to its existing or then existing supplier;
 - (c) the ability or capacity, or lack thereof, of any such customer to use, evaluate or select among, or to transfer or dispose of, any such product;
 - (d) the prices, terms, or conditions for any electronic data processing product offered, negotiated, considered, sought, accepted or rejected by any such customer.

4. All documents which show any request or demand by any customer, including any governmental agency, for prices or a pricing system whereby two or more electronic data processing products or services to be supplied by Sperry are included in a single price.
5. All documents which show the percentage return (whether profit or loss) on investment, or on revenue realized or anticipated, by Sperry Rand with respect to any electronic data processing product or service on any such product or service or the relationship any such return has or has not any average or standard of comparison or to the return on any other data processing product or service.

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*Ja*RECEIPT FOR CLASSIFIED DOCUMENTS

I hereby acknowledge receipt of the documents
classified Confidential and Secret referenced in Mr. Karl
Bakke's letter of September 6, and hand-delivered.

Date

*Document received
for CIA
DOJ - RECEIPT
CIA!
NO
B-1*